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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 27

NIHON KEIZAI (Page 2) (Full)
July 28, 2006

10:56

Met at Kantei with Finance Minister Tanigaki.

11:20

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Met Asian Development Bank President Kuroda in the presence of Finance Ministry International Affairs Bureau Director-General Ido.

14:24

Met LDP Policy Research Council Chairman Nakagawa, followed by LDP reform headquarters chief Ota.

15:10

Met MOFA Middle Eastern and African Affairs Bureau chief Yoshikawa, followed by LDP Secretary General Takebe.

16:28

Met Administrative Reform Minister Chuma.

17:33

Presented structural reform special zone and regional revitalization certifications.

18:06

Returned to his residence.

4) Government decides to end US beef import ban; Imports will be totally suspended in event of discovery of SRM in shipment, says minister of health, labor, and welfare

TOKYO SHIMBUN (Page 1) (Excerpts)
July 28, 2006

Following the formal decision by the government to resume US beef imports, Health, Labor, and Welfare Minister Jiro Kawasaki yesterday held a press conference. During the press conference, he indicated his intention to totally suspend imports in the event of a recurrence of the inclusion of specified risk materials (SRM), such as vertebral columns, in a shipment, which occurred in January this year.

The US has criticized Japan's stance of suspending imports from all meatpackers, rather than just the one that shipped the product in question. It is expected to counter the statement by Kawasaki.

He stressed his determination, noting: "If the same thing occurs again, despite the fact that Tokyo and Washington have decided to reinstate beef trade after six months of negotiations, I will be held accountable." He continued: "I hope there are no problems, and it should be possible to move forward without any. But if there is one, the person at the top has a job to do." Regarding a response to a possible recurrence, the MHLW has thus far taken the position of not totally suspending imports, provided that the problem occurs after the US has observed import conditions for a certain period,

noting, "Our approach will depend on the length of time that the US has observed import conditions." However, Kawasaki indicated his view that a total ban could be reimposed regardless of the length of time that the US has observed import conditions.

5) Government decides to resume US beef imports; US pressure raises distrust of consumers

TOKYO SHIMBUN (Page 9) (Excerpts)
July 28, 2006

The government yesterday decided to resume US beef imports six months after a total embargo was placed this January. In the

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meantime, with mid-term elections approaching in November, the US government and Congress made a barrage of pressure statements in an effort to force open the Japanese market. This act has upset Japanese consumers, sparking distrust in the safety of US beef. A perception gap will likely remain after the resumption of imports.

Following the government decision to open the Japanese beef market to US products, Health, Labor, and Welfare Minister Jiro Kawasaki told a news conference: "(In the event of the discovery of violations of export conditions), it is our country's risk management organization that will decide whether to suspend all imports or just products from the plant in question. To be honest, in my view, this is not a matter in which Japan would follow US instructions." He thus checked the US, which has strongly urged Japan not to totally suspend US beef imports again. Kawasaki thus played up his intention to place an overall ban on imports in the event of a recurrence of the inclusion of specified risk materials (SRM) in shipments.

When SRM were found in a shipment on January 20, the US offered profuse apologies. However, as the total ban became prolonged and the mid-term elections drew near, voices dissatisfied with Japan's response began to build in the US. In bilateral negotiations held shortly after imports were suspended, the two countries looked into the possibility of setting up rules to deal with possible problems, such as violations of import rules. However, the idea came to nothing, as it was rejected by the US.

6) Country-of-origin labeling required only for fresh meat; New law needed

TOKYO SHIMBUN (Page 9) (Excerpts)
July 28, 2006

The government has decided to resume US beef imports, ending a six-month ban. US beef will soon become available at supermarkets and restaurants. However, only some US beef will carry country-of-origin labels. Chances are that consumers might buy and eat US beef without knowing it.

Though the ban on imports of cuts of beef and internal organs has been removed, processed goods, such as minced beef and beef jerky, are still banned. Tourists to the US must be made aware that they are not allowed to bring back those products to Japan. How will beef that has cleared customs be handled?

US beef products sold by retailers, such as supermarkets, will carry "US beef" labels as mandated under law, as is the case for domestic and Australian beef.

7) US beef: 27 violations in half-year of non-removal of risk materials at plants scheduled to ship beef to Japan, pre-inspection report reveals: Absurdity of resuming imports

AKAHATA (Page 14) (Excerpt)
July 28, 2006

It was learned yesterday from the report that the ministries of health and labor, and agriculture presented to a meeting of the Food Safety Commission (FSC) that at US meat-processing facilities slated to ship beef to Japan, violations of the requirement to remove

BSE-related specified risk materials (RSM) occurred during 2006

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repeatedly. In a half-year, such violations rose to 27 cases, of which two cases were unresolved with warnings having been issued (by USDA). According to the ministries' report, 51 cases of such violations occurred over the entire year 2005, so the violations are occurring at about the same pace as before.

Facilities with a BSE non-compliance record, based on spot inspections by the US Department of Agriculture's Food Safety and Inspection Service, reached 15 out the 35 meat-processing plants inspected. One of the facilities had a repeat record with 5 and then 4 violations.

The specific details of the BSE violations are not recorded in the report. At the request of the US government, the names of the facilities were not revealed.

8) Gap in views toward North Korea expanding between Japan, US, and China, South Korea, and Russia; Eight-country foreign ministerial to be held

SANKEI (Page 5) (Excerpts)
July 28, 2006

Jiro Otani, Kuala Lumpur

An eight-country foreign ministerial will be held in Kuala Lumpur to discuss the North Korean nuclear and missile issues. Japan originally eyed a meeting of the foreign ministers of six countries, including North Korea, but China and South Korea objected to it. The gap is expanding between Japan and the United States, which want to apply greater pressure on North Korea in order to bring it back to the negotiating table, and China, South Korea, and Russia, which want to avoid excessively irritating the North.

Japan's scenario was to drag North Korean Foreign Minister Paek Nam Sun out to the foreign ministerial meeting, which ranks higher than the six-party talks to pave the way for the six-party talks. "It would have been a good chance for North Korea to lower its fist," a Foreign Ministry official explained.

But the North did not show any signs of softening its stance. US Secretary of State Condoleezza Rice commented during his trip from

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the Middle East to Malaysia, "We are ready to open the six-party talks, but the North apparently does not have any intention to do so."

As a result, Foreign Minister Taro Aso in his talks with Chinese Foreign Minister Li Zhaoxing suggested a five-country foreign ministerial excluding North Korea. But Li at first rejected the idea, saying, "A five-nation session is not good, It would irritate the North and make the process of the six-party talks difficult. We are open to any approach other than that." He thus showed a positive stance to a meeting of countries, including Australia and Malaysia.

9) Japanese, Chinese, South Korean foreign ministers search for ways to improve relations

NIHON KEIZAI (Page 2) (Abridged)
July 28, 2006

Toyofumi Amano, Kuala Lumpur

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Bilateral foreign ministerial talks took place on July 27 in Malaysia between Japan and South Korea and between Japan and China. In the talks, China and South Korea exhibited their eagerness to find a lead to improving their relations with Japan with a post-Koizumi era in mind.

Chinese Foreign Minister Li Zhaoxing announced Beijing's willingness to discuss the abduction issue in the six party talks on the North Korean nuclear issue, reversing its previous stance of focusing only on the nuclear issue. Touching on the UN Security Council's adoption of a resolution on North Korea following a conflict between Japan and China, Li said: "We give high marks to the flexibility exhibited by the Japanese government."

South Korean Foreign and Trade Minister Ban Ki Moon stated regarding North Korea policy: "We need to handle the matter carefully so that (the difference) in positions between Japan and South Korea will not be portrayed greater than reality." Ban also announced Seoul's willingness to study a system to notify each other in advance of conducting a maritime survey around Takeshima/Dokdo, on which both Japan and South Korea have claimed sovereignty. South Korea has apparently softened its previous stance of not recognizing the need for such a system.

Touching on Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine, Li said: "A political obstacle has not been removed." Ban said: "We hope that the issue will not disturb relations between the two countries any further." The three countries are still faced with mounting challenges, such as the developments of gas fields in the East China Sea and talks on the exclusive economic zones of Japan and South Korea.

10) Sakaba to be foreign press secretary

NIHON KEIZAI (Page 2) (Full)
July 28, 2006

Foreign Minister Taro Aso decided on July 27 on personnel actions at his ministry, including the appointment of Deputy Foreign Minister Mitoji Yabunaka as chief of the International Cooperation Bureau to be established in August. Yabunaka will double as bureau chief. Press Secretary Yoshinori Katori will become an ambassador. Katori's post will be filled by Latin American and Caribbean Affairs Bureau Director-General Mitsuo Sakaba. Economy, Trade, and Industry Ministry Trade Policy Bureau Deputy Director-General Akira Miwa, who is now seconded to METI, will replace Sakaba. Public Relations and Cultural Affairs Department chief Masaki Okada will be assigned to a diplomatic mission abroad. Ambassador in Charge of International Counter-Terrorism Cooperation Tadamichi Yamamoto will replace Okada. The appointment will take effect on August 1.

Coordination is underway to let prime ministerial secretary Koro Bessho lead the International Cooperation Bureau after Prime Minister Koizumi steps down in September. The International Cooperation Bureau will be established by absorbing the Economic Cooperation Bureau and part of the Multicultural Cooperation Division. The new bureau will be responsible for planning for official development assistance (ODA)

Mitsuo Sakaba: Entered the ministry in 1973 after graduating from Yokohama City University; served as consul general at Chicago and became Latin American and Caribbean Affairs Bureau director-general

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in April 2004; native of Tokyo; age 57.

11) Poll: Support for Abe tops 50%

TOKYO SHIMBUN (Top play) (Abridged)
July 28, 2006

With the ruling Liberal Democratic Party's presidential election set for this September, the Tokyo Shimbun conducted a public opinion survey on the Internet to probe into public attitudes toward politics and tabulated its results yesterday. In the survey, more than half of all those who responded to the survey picked Chief Cabinet Secretary Shinzo Abe as a politician they support in the LDP race. Former CCS Yasuo Fukuda has now decided not to run in the race, and more than 30% of those who picked him in the last poll backed Abe. Respondents were also asked if they thought Prime Minister Junichiro Koizumi should visit Yasukuni Shrine on Aug. 15,

the anniversary of the end of World War II. In response to this question, 5.5% answered "yes," with 29.8% leaving the matter to the prime minister's decision. Those accepting his Aug. 15 visit to Yasukuni Shrine totaled no more than 35.3%, with 52.3% opposing it.

A total of 500 persons were chosen as political monitors for the Internet survey, and they were polled July 22-25. Answers were obtained from 400 persons or 80%.

The same monitors were polled late last month, and the survey taken this time is the second poll on the web.

In the latest survey, 51.5% wanted Abe to become LDP president. He topped all others. In the last poll, he stood at 35.6%. Among other politicians, Finance Minister Sadakazu Tanigaki garnered 13.0% (4.7% in the last poll), Foreign Minister Taro Aso at 8.8% (4.0% in the last poll), Senior Vice Justice Minister Taro Kono at 7% (3.0% in the last poll), Economic and Fiscal Policy Minister Kaoru Yosano at 4% (3.2% in the last poll), former LDP Vice Minister Taku Yamasaki 2.5% (1.0% in the last poll), and Defense Agency Director General Fukushima Nukaga at 1.3% (0.2% in the last poll).

12) Poll: 3 in 4 favor new memorial for war dead

TOKYO SHIMBUN (Page 2) (Abridged)
July 28, 2006

In the Tokyo Shimbun's latest Internet political poll of monitors, 52.3% answered that Prime Minister Junichiro Koizumi should not visit Yasukuni Shrine on Aug. 15, the anniversary of the end of World War II.

Meanwhile, a total of 35.3% favored an Aug. 15 visit to the shrine, saying he should do so or leaving it to his decision. Those in favor of his visiting the shrine on days other than Aug. 15 accounted for no more than 7%. Among those who support the ruling Liberal Democratic Party, however, the proportion of those in favor of an Aug. 15 visit to the shrine is 59.3%.

The LDP is discussing the idea of building a new memorial for the war dead. In the survey, 74.3%, or about three-fourths, favored the idea. However, opinion was split over whether the new memorial should be an alternative to Yasukuni Shrine, with affirmative answers accounting for 38.0% and negative answers 36.3%

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13) Poll of LDP's local execs: Abe leads post-Koizumi race

MAINICHI (Page 1) (Abridged)
July 28, 2006

Ahead of the ruling Liberal Democratic Party's upcoming presidential election, the Mainichi Shimbun conducted a questionnaire survey of the LDP's 141 local executive officers in the posts of secretary general, executive board chairman, and policy board chairman for the party's prefectural federations. In the survey, 68 persons or nearly half of all those polled picked Chief Cabinet Secretary Shinzo Abe, 51, as a politician appropriate to become the next prime minister. Abe ranked top with a substantial lead over all others including Foreign Minister Taro Aso, 65, who was picked by 15 persons. Yasuo Fukuda, 70, one of Abe's predecessors in the CCS post, has now made up his mind not to run in the race. Consequently, Abe now holds the top position among the LDP's local chapters as well, adding further momentum to his unchallenged lead. Meanwhile, 80 persons or more than half of those polled wanted Fukuda to run against Abe.

The survey was conducted July 20-26, with 106 persons or 75% answering the question about a politician appropriate to become the next prime minister. Fukuda was excluded from the list of politicians to be chosen in the questionnaire. Last month, the Mainichi Shimbun conducted a similar survey of the LDP's 47 local chapter secretaries general, with 43% of them responding. In the latest survey, the response rate increased to 66%. The LDP's local executives are now showing their stances.

Above all, Abe stands out among all post-Koizumi candidates. However, 35 persons did not respond to the survey. Still, Abe will likely to keep the upper hand of his opponents even if all these 35 persons support other candidates. Aso is garnering support in the Kyushu bloc. Finance Minister Sadakazu Tanigaki, 61, who announced his candidacy yesterday, is supported by 6 persons. Former LDP Vice President Taku Yamasaki, 69, and Economic and Fiscal Policy Minister Kaoru Yosano, 67, were on a par with two persons each.

14) Survey of LDP presidential race among lawmakers: Chief Cabinet Secretary Abe holds a commanding lead, receiving broad support from

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various factions

YOMIURI (Top play) (Almost full)
July 28, 2006

A survey conducted by the Yomiuri Shimbun on the Liberal Democratic Party (LDP) presidential election slated for Sept. 20 among LDP lawmakers found that Chief Cabinet Secretary Abe, 51, garners broad support. It seems highly unlikely that Finance Minister Tanigaki, 61, and Foreign Minister Aso, 65, would be able to reverse the tide, even if interviews earlier conducted by this newspaper as well as the outcome of a survey conducted in June toward LDP members are taken into account. Yesterday, Tanigaki made an official announcement of his candidacy for the LDP presidency, while Abe hit the road for nationwide campaigning as part of his activity for the government's council on giving people a second chance to try again. Contenders for the LDP presidency are now gearing up for full-fledged campaigning.

The survey was conducted toward 403 LDP lawmakers from mid-July to July 27, and responses were obtained from 310 lawmakers. As to the question of whom they would support as a presidential candidate, 83

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lawmakers cited candidates by name, with Abe favored by the largest number -- 38 lawmakers -- followed by Tanigaki, named by 11, and Aso, named by 10. Of the lawmakers supporting Abe, 24 are members of the Mori faction, to which Abe belongs, and 14 are members of other factions. Support for Abe is widening beyond factional bounds. Tanigaki and Aso have ensured support from the factions they respectively belong to, but they have yet to garner support from other factions.

There is a move to put up Defense Agency Director-General Nukaga as a presidential candidate. Nukaga and former Education Minister Kunio Hatoyama, 57, who has shown enthusiasm about running in the presidential race, each received support from three lawmakers. Former Vice President Taku Yamasaki, 69, who does not rule out the possibility of running in the presidential race, received support from two lawmakers, and Senior Vice Justice Minister Taro Kono, 43, received support from one lawmaker.

In addition to this survey, the Yomiuri Shimbun interviewed lawmakers. The results of the interviews show that the 86 members of the Mori faction are certain to line up behind Abe as former Chief Cabinet Secretary Yasuo Fukuda declared days ago that he would not run in the election. Most of the Ibuki faction with a membership of 32 and the Komura faction with a membership of 15 are considering backing Abe. Of the lawmakers of other factions who did not make clear their attitudes in the interviews this time, many voiced their support for Abe. Of the newcomer lawmakers who do not belong to any faction, 25 remained undecided, but most of them are likely to give support to Abe.

In a survey conducted in June toward the LDP members by the Yomiuri Shimbun, a majority indicated support for Abe.

Given these results and when the 403 votes from lawmakers and 300 votes from the LDP members at large are combined, Abe has already garnered more than a majority of votes of 352. If no candidate wins a majority in the first tally, a runoff among LDP lawmakers will be carried out between the two top candidates. But at this point, Abe is most likely to win a majority in the first vote.

Yet, many LDP members responded to the survey, "I remain undecided," and a lineup of candidates has yet to be confirmed. So uncertainties still remain.

In the survey among the lawmakers, this newspaper asked them what would be the major campaign issues and obtained answers from 190 lawmakers. Of them, 62% -- the largest figure -- cited "Fiscal reconstruction."

15) Abe begins nationwide campaign; Gives consideration to growing social gap in Iwate Prefecture

YOMIURI (Page 4) (Full)
July 28, 2006

Chief Cabinet Secretary Shinzo Abe yesterday visited Iwate Prefecture and listened to views of farmers there. The trip to Iwate was his first attempt to reflect regional voices in the government's measures to create a society in which failed entrepreneurs can try again to reenter the market. The Iwate visit was the start of a nationwide stumping tour in a bid to win the Liberal Democratic Party (LDP) presidential election. He experienced farm work by

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cutting gentians (blue flowers) in a work suit and rubber boots. After that, he had an informal meeting with about ten residents at the community center. The farmers attending the session voiced the following views: "The government should consider preferential tax treatment for the expansion of the scale of farm land;" and "Since agriculture is important, highly-motivated people should be engaged in this business."

After the meeting, Abe told reporters, "There are various problems before one can start agriculture, timber industry and fishing operations. Eliminating those problems will lead to a society providing people a second chance."

Abe intends to succeed Prime Minister Junichiro Koizumi's structural reform policy line. However, since there is a growing complaint that Koizumi's reform drive has widened the income gap and social divide between urban and rural areas, Abe aims to show consideration to regional views. Abe's aides are keeping the next general election in mind. Since the LDP is expected to fight a fierce battle with the main opposition party Minshuto (Democratic Party of Japan) in the House of Councillors election in the summer next year, many LDP members hold high expectations that the next president should have strong character to use in that election.

Abe seems to have chosen Iwate Prefecture as the first stop in his stumping tour to show a stance of fighting in the future election.

Abe plans to visit Tachikawa City in Tokyo, Kyoto, and Osaka until early August. He is expected to hear views from managers of small businesses and women who are finished raising their families.

16) Tanigaki announces candidacy for LDP presidential election; Criticizes Koizumi's Yasukuni visits; Vows to hike consumption tax to 10%

SANKEI (Top Play) (Excerpts)
July 28, 2006

Finance Minister Sadakazu Tanigaki, 61, yesterday formally announced at party headquarters his candidacy for the Liberal Democratic Party (LDP) presidential election to choose a successor to Prime Minister Junichiro Koizumi. He pledged that if he became the next prime minister, he would raise the consumption tax to 10%. He criticized Koizumi's visits to Yasukuni Shrine. Meantime, Chief Cabinet Secretary Shinzo Abe, 51, who is expected to declare his candidacy

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for the race in late August, has begun a nationwide stumping tour, visiting yesterday Iwate Prefecture. Foreign Minister Taro Aso, 65, indicated that he would announce his candidacy around Aug. 20. Campaigns for the LDP presidential election in effect have already

started.

In yesterday's press meeting, Tanigaki expressed strong enthusiasm for policy debate, stating, "I cannot look with optimism at (my support rates in opinion polls). I would like to make efforts for policy debate so that I will gain support from the public and party members."

The dominant view is now that with Chief Cabinet Secretary Yasuo Fukuda's announcement that he will not run in the election, Abe is far ahead of other candidates. Public support rates for Tanigaki have remained at the three% level.

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In a bid to fill the gaps between Abe and him, Tanigaki has been determined that he must display his own policy imprint. His strategy is to make clear his differences with Abe, who is believed to follow Koizumi's reform drive and foreign policy line.

Tanigaki pledged that if he became the next prime minister, (1) he would have dialogues with the leaders of China and South Korea, (2) he would hike the consumption tax to 10% by early in the 2010s for the purpose of covering social security expenditures, and (3) he would do his best to revitalize regional areas.

He criticized Koizumi's Yasukuni visits. Asked about the argument calling for separating the Class-A war criminals from Yasukuni Shrine, he responded, by saying, "The ball is on the Yasukuni side. My view is close to the view calling for the disenshrinement of Class-A war criminals from the Shinto shrine." He is seeking to check Abe on the issue.

Tanigaki also underscored his differences with Abe on the consumption tax issue, saying, "The next prime minister should look for concrete ways to resolve the issue."

SCHIEFFER